

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE

AMEMBASSY BONN IMMEDIATE

C O N F I D E N T I A L STATE 255692

FOR ASSISTANT SECRETARY ENDERS

FOLLOWING REPEAT BAGHDAD 0799 ACTION SECSTATE INFO ABU DHABI
BEIRUT KUWAIT LONDON PARIS THE HAGUE TEHRAN 15 NOV

QUOTE

C O N F I D E N T I A L BAGHDAD 0799

E.O. 11652: GDS

TAGS: ENRG, IZ

SUBJ: GOI READY FOR PARTICIPATION NEGOTIATIONS

REF: BAGHDAD 672; 778

1. BPC RESIDENT REP. PAWSON TOLD ME NOV 11 THAT MINISTER
OF OIL HAMMADI HAD RECENTLY INFORMED HIM THAT GOI IS WAITING
FOR BPC TO RESUME NEGOTIATIONS ON PARTICIPATION. PAWSON
SAID HE HAD URGED LONDON TO RESPOND BY SENDING NEGOTIATING
TEAM WITHIN TEN DAYS. HOWEVER, WORD FROM LONDON WAS THAT
NEGOTIATIONS COULD BEGIN WHEN MANAGING DIRECTOR GEOFFREY STOCKWELL
ARRIVES IN BAGHDAD NOV 24 ON WAY BACK TO LONDON FROM GULF TRIP.

2. PAWSON SAID BPC WAS NOT SUPRISED BY IRAQI MOVE IN VIEW
OF FACT THAT BPC HAS, AS RESULT AUGUST-OCTOBER LIFTINGS OF
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PART OF INOC'S SHARE OF BPC OIL JKBAGHDAD 672), BECOME LARGE

DEBTOR TO GOI. PAWSON CALCULATES THAT AS OF END OF OCTOBER BPC OWED INCO ABOUT 100 MILLION POUNDS STERLING TAKING INTO ACCOUNT APPLICATION OF PARTICIPATION FROM JANUARY 1, 1973, BACK TAXES, ET AL. HE SAID LONDON CALCULATIONS SUGGESTED AMOUNT MIGHT BE AS MUCH AS 150 MILLION POUNDS. BPC LIFTINGS OF INCO SHARE OF BPC OIL AMOUNTED TO APPROXIMATELY 1 MILLION TONS IN AUGUST, 1 MILLION TONS IN SEPTEMBER, AND 500,000 TONS IN OCTOBER. INCO HAS NOT ASKED FOR LIFTINGS IN NOVEMBER AND IN FACT BPC WAS SCHEDULED TO BEGIN REPAYING EARLIER LIFTINGS IN KIND IN NOVEMBER. HOWEVER, THIS IS NOT BEING DONE SINCE INCO HAS NOT YET SOLD ALL ITS OWN NOVEMBER SHARE.

3. NEGOTIATIONS COULD BE DELAYED BECAUSE OF RECENT CABINET CHANGES. MINPET HAMMADI BECAME FOREIGN MINISTER ON NOV 11 AND WAS REPLACED BY TAYEH ABDUL KARIM. ABDUL KARIM IS MEMBER OF BAATH PARTY LEADERSHIP WITH LITTLE KNOWN PREVIOUS EXPERIENCE IN OIL MATTERS. CHANCES ARE THAT GOI WILL, HOWEVER, PROCEED AS SCHEDULED SINCE OIL POLICY EXPECTED TO CONTINUE TO BE SET BY "FOLLOW UP" COMMITTEE HEADED BY SADDAM HUSSEIN WITH NEW MINISTER SERVING AS FRONT MAN.
LOWRIE UNQUOTE INGERSOLL

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